

## Message Text

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ACTION NEA-10

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-05 H-01 INR-07  
L-03 NSAE-00 NSC-05 PA-01 PRS-01 SP-02 SS-15  
USIA-06 AID-05 PC-01 IO-13 SSM-03 /079 W  
-----102911 041250Z /43

R 041118Z SEP 77  
FM AMEMBASSY TEHRAN  
TO SECSTATE WASHDC 4370

C O N F I D E N T I A L TEHRAN 7869

E.O. 11652: GDS  
TAGS: PGOV EGEN IR  
SUBJ: HOUSING PROBLEMS CAUSE RIOTING BUT QUIET DOWN WHEN SHAH  
PROMISES FAIR SOLUTION

REF: TEHRAN 6165, TEHRAN 7793

1. URBAN HOUSING AND LAND SHORTAGE CONTINUES TO BE CENTER OF CON-  
TROVERSY HERE WITH WIDE PRESS COVERAGE OF GOVT DEBATES AND PUBLIC  
CRITICISM. LAST 10 DAYS HAS SEEN GREATER SQUABBLING THAN USAUAL  
DESPITE ADOPTION DURING PAST 2 WEEKS TO 2 NEW HOUSING LAWS  
(REFTELS). ONE LAW PROVIDES MANDATORY LEASING OF HOUSING  
WHICH LANDLORDS DELIBERATELY KEEP EMPTY AND THE SECOND REVISES THE  
FORMER TENANCY ACT WHICH FAVORED TENANTS TO THE POINT WHERE LAND-  
LORDS OFTEN FOUND RENTAL PROPERTY AN UNECONOMICAL INVESTMENT.

2. PRESENTATION BY PRIMIN AMOUZEGAR OF HIS GOVT'S NEW PROGRAM TO  
THE MAJLES LAST MONTH GAVE RISE TO UNPRECEDENTED DEBATE BY MEMBERS  
OF PARLIAMENT WHICH REFLECTED GENERAL PUBLIC DISSATISFACTION WITH  
SHORTAGE AND EXPENSE OF ADEQUATE HOUSING. IN RESPONSE TO THE IN-  
CREASING CRITICISM, THE SHAH ON AUG 19 DECLARED PROPER HOUSING AND  
STABILIZATION OF LAND PRICES AS THE 18TH PRINCIPLE OF IRAN'S WHITE  
REVOLUTION. BILLS TO IMPLEMENT THIS PRINCIPLE WILL

BE PRESENTED BY  
THE GOVT TO THE MAJLES UPON ITS RETURN FROM SUMMER RECESS ON OCT 5.  
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3. LATEST FLARE-UP IN THIS EMONTIONAL ISSUE WAS BROUGHT  
ABOUT IN LATTER HALF OF AUGUST BY DEMOITION BY MUNICIPALITY  
POLICE OF ILLEGAL, UNLICENSED CONSTRUCTION OF HOUSES ON  
LAND OUTSIDE CURRENTLY APPROVED TEHRAN CITY LIMITS.  
THESE HOUSES WERE BUILT (MAINLY SOUTH AND EAST OF THE CITY)  
IN AN ATTEMPT TO AVOID TEHRAN'S HIGH PRICES BY SQUATTERS

ANE SPECULATORS, DIVERTING SCARCE CONSTRUCTION MATERIALS FROM THOSE WHO HAVE RECEIVED PERMITS FOR BUILDING WITHIN THE CITY LIMITS. FOR SOME TIME THERE HAVE BEEN RECURRENT REPORTS OF CLASHES BETWEEN THE CITY'S CONSTRUCTION POLICE SQUADS AND OWNERS OF UNLICENSED BUILDINGS, BUT DURING THE PAST TWO WEEKS DISTURBANCES (OFTEN NOT REPORTED IN LOCAL PRESS) HAVE BECOME MORE SERIOUS RESULTING IN SEVERAL RIOTS, ONE OF WHICH REPORTEDLY INVOLVED 5-6,000 PARTICIPANTS IN WHICH AT LEAST ONE POLICE COLONEL (ACCORDING TO EMBASSY'S CONFIDENTIAL REPORTS) WAS FATALLY INJURED. THERE WAS A GOOD DEAL OF DAMAGE TO GOVERNMENT PROPERTY, IN PARTICULAR THE DESTRUCTION OF A PART OF ONE OF

TEHRAN'S SATELLITE MUNICIPALITY BUILDINGS AND BURNING OF SOME 22 AUTOMOBILES BELONGING TO MUNICIPALITY OFFICIALS.

4. IMMEDIATELY UPON HIS RETURN FROM EASTERN EUROPE AUGUST 31, THE SHAH RECEIVED A SITUATION REPORT FROM PRIME MINISTER AMOUEGAR AND PUBLICLY ORDERED THE ESTABLISHMENT OF A SPECIAL COMMITTEE COMPOSED OF MINISTER TOUFIQ (HOUSING); AFKHAM (WOMEN'S AFFAIRS); YEGANEH ((0)-, AND BUDGET); AND TEHRAN MAYOR SHAHRESTANI. THIS COMMITTEE IS TO PROPOSE A FAIR NEW HOUSING AND LAND POLICY AND TO REPORT TO THE SHAH WITHIN TEN DAYS. IN THE MEANWHILE THE SHAH AUTHORIZED CONSTRUCTION OF PRIVATELY OWNED HOUSES OUTSIDE TEHRAN'S CITY LIMITS IN AREA SOUTH AND SOUTH-CONFIDENTIAL

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EAST OF PRESENT BOUNDARIES. TO DISCOURAGE PROFITEERS FROM TAKING ADVANTAGE OF THIS NEW DECREE, ONLY ONE HOUSING PERMIT WILL BE ISSUED TO EACH FAMILY. THOSE FAMILIES WHICH HAVE BEEN LIVING IN THE AFFECTED AREAS ON OTHER PEOPLE'S LAND AS SQUATTERS WILL BE PROVIDED LAND ON A 99 YEAR LEASE. OTHERS WHO WILL HAVE THEIR PLOTS TAKEN OVER BY STREET OR OTHER PUBLIC FACILITIES WILL BE COMPENSATED WITH AN EQUIVALENT AREA FROM NATIONALIZED LAND ELSEWHERE BUT RETAIN THEIR RIGHT TO A CONSTRUCTION PERMIT. IT IS HOPED THAT BY EXTENDING CITY SERVICES (WATER, ELECTRICITY, GARBAGE COLLECTION) AND RELOCATING SQUATTERS, TO AVOID CREATION OF SLUM CONDITIONS IN THE FRINGE AREAS--A KEY REASON WHY THE MUNICIPAL AUTHORITIES HAVE FORCEFULLY IMPLEMENTED THEIR POLICY OF RAZING ILLEGAL CONSTRUCTION.

5. COMMENT: ALTHOUGH THESE RECENT PUBLIC DISTURBANCES SEEM TO BE ISOLATED INCIDENTS WITH LIMITED GOALS, THEY ARE THE CULMINATION OF YEARS OF FRUSTRATION ON THE PART OF TEHRAN'S BURGEONING WORKING CLASS WHICH HAS BEEN UNABLE TO FIND SUITABLE HOUSING WITHIN TEHRAN CITY LIMITS. THE SHAH'S ACTION, TAKEN SO QUICKLY AFTER HIS RETURN FROM ABROAD, INDICATES THE HIGH PRIORITY HE PLACES ON THE

HOUSING PROBM HIS DECISION SHOULD SERVE TEMPORARILY  
TO PLACATE AFFECTED FAMILIES WHILE PROVIDING THE GOVERNMENT  
A PERIOD OF TIME TO FORMULATE MORE LONG-TERM SOLUTIONS.  
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